

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB248

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Obenshain

3. Committee: Commerce and Labor

4. Title: Reporting and paying unemployment insurance taxes; employers of domestic service individuals.

5. Summary: This bill allows annual filing of unemployment taxes and affiliated reports for employers of domestic service individuals in the private home, regardless of the total payroll cost or number of persons providing the domestic service. Currently, such an employer must file quarterly taxes and reports if the quarterly payroll exceeds \$5,000. The bill has an enactment clause that sets an effective date of January 1, 2013.

6. Budget Amendment Necessary: No, see item 8, below.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	\$0	0.00	n/a
2013	\$15,320	0.25	Nongeneral
2014	\$15,320	0.25	Nongeneral
2015	\$15,320	0.25	Nongeneral
2016	\$15,320	0.25	Nongeneral
2017	\$15,320	0.25	Nongeneral
2018	\$15,320	0.25	Nongeneral

8. Fiscal Implications: Under current law, employers of domestic workers have the option to file annually if their total quarterly payroll is \$5,000 or less, regardless of the number of employees. This bill would increase the number of employers of domestic workers who are eligible to file annually by eliminating the payroll threshold requirement. According to the Virginia Employment Commission (VEC), quarterly filing of unemployment taxes and associated documentation assists the agency with its efforts to effectively and efficiently administer the unemployment compensation program. This is because VEC requires wage data on a quarterly basis when evaluating claims for benefits. For instances when an individual who works for a domestic employer files a claim for benefits, VEC must then have a tax representative contact the employer to obtain any necessary wage data that is not on record at VEC due to the annual filing allowance.

According to VEC, there are approximately 9,000 domestic employers in Virginia. As such, VEC estimates the bill may result in an additional cost to the agency of \$15,320 per year (0.25 of a tax representative position) for additional work required in gathering quarterly wage data. It is anticipated that VEC has sufficient nongeneral fund appropriation and position allowance to absorb the costs associated with this bill. Should any adjustments to nongeneral fund appropriation be necessary, they may be made administratively.

9. Specific Agency or Political Subdivisions Affected: Virginia Employment Commission.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/20/2012